

## **EXECUTIVE SUMMARY**

### **Recommendation of \$500,000 or Greater RFP FY21-016 – Group Medical Benefits for School Board Employees**

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#### **Introduction**

##### **Responsible: Procurement & Warehousing Services (PWS)**

This request is to approve the Agreement for Group Medical Benefits for School Board Employees for the above-referenced Request for Proposal (RFP). The Initial Contract Term is January 1, 2021 through December 31, 2023, with two (2) one (1) year renewal options.

The estimated spending authority being requested is \$31,800,000.

#### **Good/Services Description**

##### **Responsible: Benefits**

Aetna Life Insurance Company is a leading diversified health care benefits company with over one hundred sixty (160) years of experience in providing quality, reliable services to businesses, individuals, and the government. A subsidiary of CVS HEALTH Corporation (CVS Health) acquired Aetna, Inc. and its subsidiaries effective November 28, 2018, and CVS Health became the ultimate parent company of Aetna and its subsidiaries.

Through their parent company and subsidiaries, Aetna continues to reimagine the total health of its members by making quality care more affordable, accessible, simple, and seamless.

Upon approval of this Agreement, District employees will continue to have the ability to select from a variety of rich benefits plan options.

#### **Procurement Method**

##### **Responsible: PWS**

The procurement method chosen was through a competitive solicitation, which is required by Purchasing Policy 3320, Part II, Rule D, and Florida Administration Code 6A-1.012(7).

A Medical RFP was developed and subsequently reviewed in a public meeting on November 20, 2019, by the Superintendent's Insurance & Wellness Advisory Committee (SIWAC).

On December 17, 2019, the Procurement & Warehousing Services released RFP FY21-016 – Group Medical Insurance for School Board Employees. Proposals were due on or before March 13, 2020, and were received from the following Proposers:

- Aetna Life Insurance Company
- Cigna
- United Healthcare
- OptumRX (Pharmacy Carve-out)

On July 22, 2020, the SIWAC met to evaluate the Proposals. Prior to the evaluation of the Proposals, the Committee was informed that two (2) of the Proposers did not meet the minimum eligibility

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**Procurement Method (Continued)**  
**Responsible: PWS**

requirements outlined in the RFP. The Committee voted unanimously to find the following Proposers non-responsive, as noted below and therefore were not evaluated:

- United Healthcare: Failure to meet the Minimum Eligibility Requirements in Sections 4.2.1, Liability, and 4.2.8 Insurance Requirements of the RFP.
- OptumRx: Failure to meet the Minimum Eligibility Requirements in Sections 4.2.15 and 4.2.16 and 4.2.17, Staffing, and 4.2.18 Insurance Requirements of the RFP.

The remaining Proposers Aetna and Cigna were evaluated, based on the following criteria: Experience and Qualifications, Scope of Services, Cost of Services, and Small/Minority/Women Business Enterprise (S/M/WBE). As a result of the Committee's evaluation and subsequent negotiations, the Committee voted unanimously to recommend the selection of **Aetna Life Insurance Company (Aetna)** to the Superintendent of Schools.

The releasing of the Medical RFP, rather than electing to enter into SBBC's optional one-year renewal, allowed the District to benefit from better financial terms and conditions. These Financial concessions consisted of reduced Administrative Fees, improved Pharmacy Rebates and Discount Structure, and improved Medical Network Discount Guarantees.

If approved by the School Board, the term of the initial Agreement will be January 1, 2021 through December 31, 2023. The term of the initial Agreement may be extended for two (2) additional one (1) year renewal options.

The Affirmative Procurement Initiative implemented in this solicitation is the SBE Subcontracting Goals Program in accordance with SBBC Policy No. 3330, Section E.3.e. All SBBC Certified S/M/WBEs are considered SBEs.

- Aetna has committed to spending \$1,653,600 during the initial contract period, with identified minority vendors. In addition, Aetna will donate \$50,000 annually to the Broward Education Foundation for Minority Scholarships for District minority students.

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**Financial Impact**  
**Responsible: Benefits**

The spending authority being requested is \$31,800,000 as detailed below:

<u>Cost of Administrative Services per year</u>	<u>\$10, 600,000</u>
<u>Contract Term (years)</u>	<u>x 3</u>
<b><u>Total Spending Authority</u></b>	<b><u>\$31,800,000</u></b>

The estimated financial impact to the District for Administrative Services Fees for the initial term of the contract is approximately \$31,800,000. The projected claims cost for 2021 is approximately \$224,000,000. The funding source will come from the Fringe Benefits Clearing Account. The financial impact amount represents an estimated contract value; however, the amount will not exceed the estimated contract award amount.